



RECORDATION NO 16698 FILED 1425

DEC 29 1989 -6 00 PM

**INTERSTATE COMMERCE COMMISSION**

**Mellon Financial Services**

Leasing Group  
Mellon Financial Services  
Corporation  
One Mellon Bank Center  
Suite 1111  
Pittsburgh, PA 15258-0001

December 29, 1989

0--002A032

Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423

ATTENTION: Mildred Lee

RE: Lease of Railroad Equipment

Ladies and Gentlemen:

Enclosed are an original and one copy/counterpart of the document described below to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

This document is a Lease of Railroad Equipment dated as of December 29, 1989.

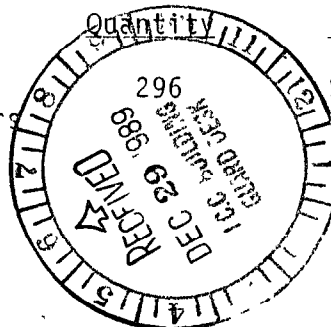
The names and addresses of the parties to the document are as follows:

Lessee: Indiana Michigan Power Company  
c/o American Electric Power Service Corporation  
One Riverside Plaza  
Columbus, OH 43215

Lessor: Mellon Financial Services Corporation #3  
One Mellon Bank Center  
11th Floor  
Pittsburgh, PA 15258

A description of the equipment covered by the document is as follows:

<u>Builder</u>	<u>Type</u>	<u>Quantity</u>	<u>Lessee's I.D. Nos.</u>
Bethlehem Steel Corporation	100-Ton Hopper Cars	296	See attached Exhibit A



*Counter Part — Mellon Steel*

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Thomas Todd, Esquire, Reed, Smith, Shaw & McClay, 435 Sixth Avenue, Pittsburgh, PA 15219.

A short summary of the document to appear in the index follow:  
Lease of Railroad Equipment between the Lessee, Indiana Michigan Power Company, whose address is c/o American Electric Power Service Corporation, One Riverside Plaza, Columbus, OH 43215, and the Lessor, Mellon Financial Services Corporation #3, whose address is One Mellon Bank Center, 11th Floor, Pittsburgh, PA 15258, dated as of December 29, 1989.

If you have any questions or comments please do not hesitate to call Mr. Todd at 1-800-288-7776.

Very truly yours,

MELLON FINANCIAL SERVICES  
CORPORATION #3

By: Christine R. Cook  
Christine R. Cook  
Vice President

cc: Thomas Todd, Esquire

## Exhibit A

Lease of Railroad Equipment dated as of December 29, 1989 by and between Mellon Financial Services Corporation #3 and Indiana Michigan Power Company

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 Lesse's I.D. Numbers
 

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<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>
752	797	851	917	959	982	1024	1071	1119
753	799	852	918	960	983	1025	1072	1120
754	800	854	919	961	984	1026	1073	1121
755	801	857	920	962	985	1027	1074	1122
756	802	858	921	963	986	1028	1076	1123
757	803	863	922	964	987	1030	1077	
758	805	865	923	965	989	1032	1078	
759	806	867	924	966	990	1033	1080	
760	807	868	925	967	991	1034	1082	
761	808	869	926	968	992	1035	1083	
763	809	870	927	969	993	1036	1084	
764	810	871	928	970	994	1037	1085	
765	811	873	929	971	995	1038	1087	
766	813	875	930	972	996	1039	1088	
767	814	876	931	973	997	1040	1089	
768	815	878	932	974	998	1041	1090	
769	816	880	933	975	999	1042	1091	
770	817	881	934	976	1000	1043	1092	
771	819	882	935	977	1001	1044	1093	
772	820	883	936	979	1002	1045	1094	
774	823	884	937	980	1005	1046	1095	
776	824	887	938	981	1006	1047	1096	
777	825	888	939		1008	1048	1097	
778	827	889	940		1009	1049	1098	
779	828	896	941		1010	1050	1099	
780	830	897	942			1051	1100	
781	833	898	943			1052	1101	
782	834	899	944			1053	1102	
783	838	900	945			1054	1103	
785	839	902	946			1055	1104	
786	844	903	947			1056	1105	
787	845	904	948			1057	1106	
788	848	907	949			1059	1108	
789	849	908	950			1061	1109	
790	1014	909	951			1063	1111	
792	1016	910	952			1064	1113	
793	1019	911	953			1065	1114	
794	1021	912	954			1066	1115	
795	1022	913	955			1068	1116	
796	1023	914	956			1070	1118	
		915	957					
		916	958					

**Interstate Commerce Commission**  
Washington, D.C. 20423

1/2/90

OFFICE OF THE SECRETARY

Christine R. Cook  
Vice President  
Mellon Financial Services  
One Mellon Bank Center  
Suite 1111  
Pittsburgh, PA. 15258-0001

Dear Sir:

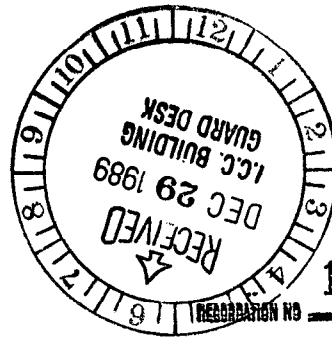
The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 12/29/89 at 6:00PM , and assigned recordation number(s). 16699 and 7678-I

Sincerely yours,



Noreta R. McGee  
Secretary

Enclosure(s)



16699

DEC 29 1989 - 6 00 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of

December 29, 1989

between

Mellon Financial Services Corporation #3

as Lessor

and

Indiana Michigan Power Company

as Lessee

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#### Exhibits

A	Equipment Description and Rent Factors
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C	Stipulated Termination and Casualty Values

## LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT dated as of December 29, 1989, ("the Lease"), by and between Mellon Financial Services Corporation #3, a Pennsylvania corporation (the "Lessor"), and Indiana Michigan Power Company, an Indiana corporation (the "Lessee").

In consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto agree as follows:

1. Definitions. Unless the context otherwise requires, the following terms shall have the following meanings for all purposes of this Lease and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Acquisition Cost" means with respect to each Item of Equipment in Asset Group A, \$19,000, and with respect to each Item of Equipment in Asset Group B, an amount equal to the sum of (i) the total cost paid by Lessor for or in connection with such Item, plus (ii) all excise, sales and use taxes paid by Lessor on or with respect to the acquisition of such Item, plus (iii) all costs and expenses approved and paid by Lessor in connection with the delivery of such Item.

"Acceptance Date" for each Item of Equipment means the date on which Lessee has unconditionally accepted such Item for lease hereunder, as evidenced by Lessee's execution and delivery of a Lease Supplement for such Item dated such date.

"Acquisition Expiration Date" means January 31, 1990.

"Asset Group" means the particular Asset Group (either Asset Group A or B) specified in Exhibit A attached hereto and made a part hereof.

"Assumed Tax Benefits" shall have the meaning given in Section 19(a) hereof.

"Basic Rent" or "Rent" means the rent payable for the Equipment during (i) the Basic Term thereof pursuant to Section 7(a) hereof, and (ii) each Renewal Term thereof pursuant to Section 30(a) hereof.

"Basic Term" for each Item of Equipment means a period consisting of fifteen years.

"Basic Term Commencement Date" means, in the case of each Item of Equipment, the Acceptance Date.

"Business Day" means any day other than a day on which banking institutions in the State of Pennsylvania are authorized by law to close.

"Casualty Loss Value" of each Item of Equipment shall have the meaning given to such term in Section 16(b) hereof.

"Change in Tax Law" means any change or proposed change in or to the provisions of the Code, the Treasury Regulations thereunder, or published Internal Revenue Service Revenue Procedures or Revenue Rulings or court decisions or any such change or proposal introduced in Congress, occurring or proposed on or before execution and delivery by a Lessee and the Lessor of a Lease Supplement for any Item of Equipment, which has any effect on the Assumed Tax Benefits. Lessor shall notify Lessee, in writing, of any such proposed change and the possible adjustment to Basic Rent which would be required under Section 19(c) hereof in the event such proposed changes become final; provided, however, that neither (i) the failure of Lessor to provide such notice nor (ii) deviations in the final changes to the Code or Regulations from those originally proposed shall alter or reduce Lessee's obligations under Section 19 of this Lease.

"Code" means the United States Internal Revenue Code of 1986.

"Equipment" means the railcars of the type(s) described on Exhibit A attached hereto and made a part hereof and leased or to be leased by Lessor to Lessee hereunder, together with any and all accessions, additions, improvements and replacements from time to time incorporated or installed therein which are the property of Lessor pursuant to the terms of this Lease.

"Event of Default" means any of the events referred to in Section 23 hereof.

"Event of Loss" with respect to any Item of Equipment means the loss of such Item of Equipment or any substantial part thereof or of the use thereof due to theft or disappearance for a period in excess of 90 days during the Term, or existing at the expiration or earlier termination of the Term, or the destruction, damage beyond repair, or rendition of such Item of Equipment or any substantial part thereof permanently unfit for normal use for any reason whatsoever, or the condemnation, confiscation, seizure, or requisition of use or title to such Item of Equipment or any substantial part thereof by any governmental authority under the power of eminent domain or otherwise for a period in excess of 90 days.

"Item of Equipment" or "Item" means a single railcar.

"Lease Supplement" means a Lease Supplement substantially in the form attached hereto as Exhibit B, to be executed by Lessor and Lessee with respect to an Item or Items of Equipment as provided in Section 4 hereof, evidencing that such Item or Items are leased hereunder.

"Lien" means liens, mortgages, encumbrances, pledges, charges and security interests of any kind.

"Net Economic Return" shall mean the aggregate "net income" for this transaction divided by the aggregate "average book assets" for this transaction, as such terms are used in the "Analysis of Net After Tax Profitability" report produced by the Chase Lease Evaluation/Accounting System, utilizing the same assumptions Lessor used in originally evaluating this transaction, except as such assumptions may be modified by any change in the Assumed Tax Benefits.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, trustee(s) of a trust, unincorporated organization, or government or governmental authority, agency or political subdivision thereof.

"Regulations" mean the Income Tax Regulations promulgated under the Code.

"Renewal Term" for each Item of Equipment means each period following the end of the Basic Term for such Item with respect to which Lessee has the option to renew this Lease pursuant to Section 30(a) hereof.

"Rent Payment Date" for each Item of Equipment means (i) for the Basic Term thereof, each date on which a payment of Basic Rent is due and payable for such Item as provided in Section 7(a) hereof and (ii) for each Renewal Term thereof, each

date on which a payment of Basic Rent is due and payable for such Item as provided in Section 30(a) hereof.

"Rental Period" for each Item of Equipment means (i) for the Basic Term of such Item, each three month period for which Basic Rent is payable for such Item as provided in Section 7(a) hereof and (ii) for each Renewal Term of such Item, each three month period for which Basic Rent is payable for such Item during such Renewal Term.

"Supplemental Payments" means all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including payments of Casualty Loss Value, Termination Value and indemnities, but excluding Basic Rent.

"Term" means the full term of the Lease with respect to each Item of Equipment, including the Basic Term and each Renewal Term.

"Termination Value" of any Item of Equipment as of any Rent Payment Date during the Basic Term thereof means an amount determined by multiplying the Acquisition Cost of such Item of Equipment by the percentage set forth opposite such Rent Payment Date on the Schedule of Termination Values applicable to the Asset Group to which such Item relates, specified in Exhibit C attached hereto and made a part hereof.

2. Agreement for Lease of Equipment. Subject to, and upon all of the terms and conditions of this Lease, Lessor hereby agrees to lease to Lessee and Lessee hereby agrees to lease from Lessor each Item of Equipment for the Term with respect to such Item.

3. Conditions Precedent. Lessor shall have no obligation to purchase any Item of Equipment and to lease the same to Lessee unless each of the following conditions are fulfilled to the satisfaction of Lessor:

(a) There shall have been delivered to Lessor an appropriate Lease Supplement duly completed and executed by Lessee and the Equipment described therein shall be satisfactory to Lessor;

(b) Since December 31, 1988, there shall not have occurred or be threatened (i) a material and adverse change in Lessee's financial position or (ii) any condition, event or act which would materially and adversely affect Lessee's financial condition or its ability to perform its obligations under this Lease;

(c) Prior to the execution of the first Lease Supplement hereunder, Lessor shall have received a certified copy of the resolutions of the Board of Directors of Lessee authorizing the execution, delivery and performance by Lessee of this Lease and the Lease Supplements hereunder and a certificate as to the signature and incumbency of each person who shall execute any

such document or other document relating to the transactions contemplated hereby on behalf of Lessee;

(d) On the date of execution of this Lease by Lessee, Lessor shall have received from an attorney employed by American Electric Power Service Corporation, counsel for Lessee, a favorable opinion satisfactory to Lessor as to the matters set forth in clauses (a), (b), (c), (d), (e) and (f) of Section 22 hereof;

(e) All representations and warranties of Lessee contained herein or in any document or certificate furnished to Lessor in connection herewith shall be true and correct and there shall exist no Event of Default or any event which, with notice, lapse of time, or both, would become an Event of Default;

(f) All regulatory, corporate and other proceedings taken or to be taken in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory in substance and form to Lessor and Lessee, and Lessor and Lessee shall have received all such counterpart originals or certified or other copies of such documents as Lessor and Lessee may reasonably request;

(g) Assuming compliance by Lessor with the requirements contained in the second sentence of the second paragraph of Section 10 hereof, the transactions contemplated hereby shall not violate any applicable law or governmental regulation and shall

not subject Lessor to any tax, liability, penalty or other burdensome condition under or pursuant to any applicable law or governmental regulation and Lessor shall have received such evidence as it may request to establish compliance with this condition;

(h) With respect to Items of Equipment in Asset Group B, Lessor shall have received from the owner (x) a Bill of Sale, (y) such AAR documentation, and (z) such other supporting documentation, in each case in form and substance satisfactory to Lessor; and

(i) All matters in connection with the transactions contemplated hereby and all documents incident thereto shall be satisfactory to Lessor and its counsel.

4. Delivery and Acceptance of Equipment. Lessor shall not be liable to Lessee for any failure or delay in obtaining any Item of Equipment or making delivery thereof. Forthwith upon delivery of each Item of Equipment to Lessee, Lessee will inspect such Item, and unless Lessee gives Lessor notice of any defect in or other proper objection to such Item, Lessee shall upon completion of such inspection execute and deliver to Lessor a Lease Supplement for such Item, dated the Acceptance Date of such Item, and evidencing Lessee's acceptance of such Item for lease hereunder. The execution by Lessor and Lessee of a Lease Supplement shall evidence that the Item or Items of Equipment covered thereby is

or are leased under, and is or are subject to all of the terms, provisions and conditions of, this Lease.

5. Term. The Basic Term for each Item of Equipment in each Asset Group shall commence on the Basic Term Commencement Date for such Item and, unless this Lease is sooner terminated with respect to such Item (or all Equipment) pursuant to the provisions hereof, shall end on the date specified therefor in the Lease Supplement for such Item. If not sooner terminated pursuant to the provisions hereof, the Term for each Item of Equipment shall end on the last day of the Basic Term thereof, or if this Lease is renewed pursuant to Section 30(a) hereof, on the last day of the last Renewal Term thereof.

6. Return of Equipment. Upon the expiration or earlier termination of the Term with respect to each Item of Equipment (and provided, in the case of the expiration of the Term, that Lessee has not exercised its purchase option under Section 30(b) hereof), Lessee will, at the Lessor's request, undertake to deliver possession of each Item of Equipment to Lessor at available storage tracks closest to the location of such Item in one or more of the following states: Kentucky, West Virginia, Illinois, Indiana, Wyoming, Nebraska, Iowa, Missouri and Ohio, or any other state as mutually agreed upon by Lessor and Lessee. At such expiration or earlier termination of the Term, each Item of Equipment (and each part or component thereof) shall (i) be in satisfactory operating order, ordinary wear and tear excepted,

(ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads ("AAR") and Lessee shall so certify to Lessor, (iii) be in compliance with any and all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of such Item of Equipment, and (iv) be free and clear of all Liens, other than any Lien specifically excepted in Section 15 hereof. If Lessor so requests, Lessee will defer the return of any Items, will store the same, using its best efforts to do so at the premises of Lessee in a manner not involving out-of-pocket expense, for a period of up to 180 days and will continue to maintain insurance upon such Items in accordance with Section 17 hereof; provided that Lessor shall reimburse Lessee for any out-of-pocket expenses associated with such storage, including without limitation the premiums attributable to such insurance and provided further that the risk of loss during such storage period to be that of Lessor except that Lessee shall have the duty of a bailee during such period.

7. Rent.

(a) Basic Rent. Lessee hereby agrees to pay Lessor Basic Rent for each Item of Equipment during the Basic Term thereof, in consecutive quarterly installments, in arrears, due and payable on the last day of the three month period which commences with the Basic Term Commencement Date for such Item of Equipment and due and payable thereafter on the last day of each succeeding

three month period, until the expiration or earlier termination of the Term, with each such installment to be in an amount equal to the product obtained by multiplying (i) the Acquisition Cost of such Item of Equipment by (ii) the applicable percentage set forth in Exhibit A attached hereto for Items having the same Basic Term and belonging to the same Asset Group to which such Item belongs.

(b) Supplemental Payments. Lessee also agrees to pay to Lessor all Supplemental Payments, as the same shall become due and owing, and in the event of any failure on the part of Lessee so to pay any such Supplemental Payment hereunder Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Rent.

(c) Method of Payment. All payments of Rent and Supplemental Payments required to be made by Lessee to Lessor shall be made in United States dollars and in immediately available funds. In the event of any assignment pursuant to Section 14(b) hereof, all payments or right to payments which are properly assigned thereunder, whether Rent, Supplemental Payments or otherwise, shall be paid in such manner as shall be designated by Lessor and any such assignee.

8. Net Lease. This Lease is a net lease and Lessee acknowledges and agrees that Lessee's obligations hereunder, including, without limitation, its obligations to pay all Rent

and Supplemental Payments payable hereunder, shall be absolute and unconditional under any and all circumstances and shall be paid without notice or demand and without any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment whatsoever, including, without limitation, any abatement, reduction, diminution, setoff, defense, counterclaim or recoupment due or alleged to be due to, or by reason of, any past, present or future claims which Lessee may have against Lessor, any assignee, any vendor or manufacturer of the Equipment or any part or Item thereof, or any other Person for any reason whatsoever; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of Lessee be otherwise affected for any reason whatsoever, including any defect in the Equipment or any part or Item thereof, the condition, design, operation or fitness for use thereof, any damage to, or any loss or destruction of, the Equipment or any part or Item thereof, any Liens or rights of others with respect to the Equipment or any part or Item thereof, any prohibition or interruption of or other restriction against Lessee's use, operation or possession of the Equipment or any part or Item thereof, or any interference with such use, operation or possession by any Person or entity, it being the intention of the parties hereto that all Rent and Supplemental Payments payable by Lessee hereunder shall continue to be payable in all events and in the manner and at the times herein provided, without notice or demand, unless the obligation to pay the same shall be terminated pursuant to the provisions of this Lease.

9. Lessor's Title; Equipment to be and Remain Personal Property. Title to the Equipment shall at all times remain in Lessor and at no time during the Term shall title become vested in Lessee. This Lease is and is intended to be a true lease and not a lease intended as security or a lease in the nature of a security interest. Lessee shall acquire no right, title or interest in or to the Equipment, except the right to use the same pursuant to the terms of this Lease. It is the intention and understanding of both Lessor and Lessee that the Equipment shall be and at all times remain personal property.

10. Use of Equipment; Compliance with Laws. Lessee shall pay all costs, expenses, fees and charges incurred in connection with the use and operation of the Equipment during the lease thereof. Lessee agrees that the Equipment will be used and operated solely in the regular course of its business or the business of any company which participates in the filing of a consolidated Federal corporate income tax return with Lessee, and in compliance with any and all insurance policy terms, conditions and provisions and with all statutes, laws, ordinances, rules and regulations of any Federal, state or local governmental body, agency or authority applicable to the use and operation of the Equipment.

Lessee shall procure and maintain in effect all licenses, registrations, certificates, permits, approvals and consents required by Federal, state or local laws or by any governmental

body, agency or authority in connection with the use and operation of each Item of Equipment. Notwithstanding the foregoing sentence, however, the Lessor, at its own expense, will cause this Lease to be filed and recorded with the Interstate Commerce Commission ("ICC") in accordance with Section 20c of the Interstate Commerce Act, and will do and perform any other act (other than any matter relating to the operation or maintenance of any Item), and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by the AAR or any successor thereto for the purpose of protecting Lessor's interest in the Items, or for the purpose of carrying out the intention of this Lease. This Lease shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Item.

The Equipment will at all times be and remain in the possession and control of Lessee, subject to the terms of Section 14(a) hereof and the other terms of this Section 10. The Lessee shall operate the Equipment only in the continental United States. Lessee shall not use the Equipment in a manner which causes the Equipment as a whole to be used in the eastern portion of the United States to a materially greater extent than all other rail cars owned or leased by Lessee. Upon written notice delivered by the Lessor to the Lessee at least 270 days prior to the end of the Basic Term, the Lessor may request that the Lessee prepare a written report describing (i) actual railcar fleet usage, on an

east-west basis, with respect to all of the railcars owned or operated by the Lessee and (ii) actual railcar fleet usage, on an east-west basis, with respect to the Equipment. Lessee shall provide such written report to the Lessor no later than 180 days prior to the end of the Basic Term. Lessee shall not use any Equipment or allow the same to be used for any unlawful purpose. Lessee shall use and operate the Equipment or cause it to be used and operated only by personnel authorized by Lessee, and Lessee shall use every reasonable precaution to prevent loss or damage to each Item of Equipment from fire and other hazards.

11. Maintenance and Repair of Equipment. Lessee shall, at its own expense, (i) keep the Equipment in satisfactory repair, condition and working order consistent with accepted industry practice, including but not limited to, repair of slope sheets, longitudinal hoods and cross bearers, and as otherwise may be required to enforce warranty claims against each vendor and manufacturer of each Item of Equipment, ordinary wear and tear excepted, (ii) maintain the Equipment in accordance with the standards then in effect under the Interchange Rules of the AAR, and at least equal to the standards of maintenance which Lessee performs on similar equipment owned or leased by Lessee, without regard to the remaining Term hereunder; and (iii) comply with all requirements of law applicable to the maintenance and condition of the Equipment. In addition to the foregoing, Lessee agrees that, prior to the 10th year of the Basic Term, all Items will meet the mechanical requirements for rebuilt cars as listed in

Sections B and D of the AAR Office Manual and Sections A and B of the AAR Field Manual as required in AAR Rule 88, and will be inspected and approved by the Mechanical Division, and approved by the Transportation Division, of the AAR.

12. Replacements; Alterations; Modifications.

(a) Lessee shall notify Lessor of and shall make all alterations, modifications, additions or attachments deemed necessary by any Federal, state or local governmental agency for the continued usefulness of the Equipment. With the prior written consent of Lessor, Lessee is hereby given the right, at its sole expense, to make other alterations, modifications, additions or attachments to the Equipment so long as the value and general usefulness of the Equipment is not reduced thereby. So long as no Event of Default has occurred and is continuing, and so long as the value and usefulness of the Equipment (exclusive of any such alterations, modifications, additions or attachments) is not reduced thereby, any such alterations, modifications, additions or attachments, which were paid for by Lessee and not reimbursed or otherwise compensated for by Lessor, shall remain the property of Lessee and may be removed by Lessee prior to return of the Equipment pursuant to Section 6 hereof. If any alteration, modification, addition or attachment to an Item of Equipment (i) is required by Federal, state or local law in order to permit the continued usefulness of the Equipment, (ii) cannot physically be removed without damage to the Equipment, or (iii) was financed

and paid for by Lessor, it shall become the property of Lessor, and shall be subject to all the terms of this Agreement.

(b) Warranty Rights and Payments. Lessor shall assign or otherwise make available to Lessee all of its rights under any vendor's or manufacturer's warranty (excluding any warranty of title) on any Item of Equipment. Any payments made by any such vendor or manufacturer pursuant to such warranty for any Item of Equipment shall be payable to Lessee. Such payment is to be used to repair or replace damaged components in accordance with this Section 12, if feasible. Upon return of any such Item of Equipment to Lessor pursuant to Section 6 hereof, Lessee shall pay to Lessor an amount in respect of such warranty payment which, when taken together with the value of such Item of Equipment as returned, fulfills Lessee's obligation to return such Item of Equipment in the repair, condition and working order required by such Section.

13. Identification Marks; Inspection. Lessee agrees, at Lessee's cost and expense, to place markings on the Equipment by stencil or by a metal tag or plate affixed thereto showing Lessor's title and ownership thereto; provided, however, that such identification markings are to be placed so as not to interfere with the usefulness and utility of such Item of Equipment. If during the term any such identification marking shall be defaced or destroyed, Lessee shall cause such defaced or destroyed identification marking to be restored or replaced. Upon the

reasonable request of Lessor, Lessee shall make the Equipment available to Lessor for inspection and shall also make Lessee's records pertaining to the Equipment reasonably available to Lessor for inspection.

14. Assignments.

(a) By Lessee. Except as provided herein, Lessee will not, without the prior written consent of Lessor, assign any Item of Equipment, or transfer or encumber its rights or obligations hereunder, and any attempted assignment, transfer or encumbering by Lessee shall be null and void. Lessee shall not have the right to sublease the Equipment.

(b) Sale or Assignment by Lessor. Lessor shall have the right to sell or assign its right, title and interest in the Equipment, this Lease and in moneys due from Lessee under this Lease and, in that connection, to grant security interests in Equipment, provided that any such sale, assignment or security interest shall be subject to all of the rights and interest of Lessee in such Equipment and under this Lease. Lessor's transferee or assignee shall have all the rights, powers, privileges and remedies of Lessor hereunder, and Lessee's obligations as between itself and such transferee or assignee hereunder shall not be subject to any claims or defense which Lessee may have against Lessor. Upon written notice by Lessor to Lessee of any such sale or assignment, Lessee shall thereafter make payments of all Rent

and other sums due hereunder to the party specified in such notice and such payments shall discharge the obligation of Lessee to Lessor hereunder to the extent of such payments. Upon any such sale or assignment under this Section 14(b), Lessee shall not be required to execute any documents in connection therewith other than a form of acknowledgment, any required Uniform Commercial Code Financing Statements or any filings required by the ICC or AAR. Any expenses incurred in connection with any such sale or assignment shall be borne solely by the Lessor. Lessee shall not be required to prepare any documents in connection with any such sale or assignment.

15. Liens. Lessee will not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to the Equipment or any part or Item thereof, Lessor's title thereto, or any interest therein, except (i) any Lien granted or placed thereon by Lessor or any assignee as a result of a sale or assignment pursuant to Section 14(b) hereof, (ii) any Lien resulting from an independent act of or claim against Lessor or any purchaser or assignee which neither (X) results from, arises out of, or relates to the transaction contemplated hereby or any Event of Default nor (Y) is created by this Lease or any other document contemplated hereby, (iii) Liens for taxes either not yet delinquent or being contested by Lessee in good faith by appropriate proceedings diligently conducted, and (iv) material-man's, mechanics', workmen's, repairmen's, employees' storage or other like Liens arising in the ordinary course of business,

which are not delinquent or are being contested by Lessee in good faith by appropriate proceedings diligently conducted. Lessee, at its own expense, will pay, satisfy and otherwise take such actions as may be necessary to keep the Equipment free and clear of, and to duly discharge or eliminate or bond in a manner satisfactory to Lessor, any such Lien not excepted above if the same shall arise at any time during the Term. Lessee will notify Lessor upon becoming aware of any tax or other Lien (other than any Lien excepted above) that shall attach to the Equipment or any Item of Equipment.

16. Loss, Damage or Destruction.

(a) Risk of Loss, Damage or Destruction. Lessee hereby assumes all risk of loss, damage, theft, taking, destruction, confiscation or requisition, partial or complete, of or to each Item of Equipment, however caused or occasioned, such risk to be borne by Lessee with respect to each Item of Equipment from the Acceptance Date, and continuing until the expiration or early termination of the Term.

(b) Payment of Casualty Loss Value Upon an Event of Loss. If an Event of Loss occurs with respect to an Item or Items of Equipment during the Term, Lessee shall, within thirty (30) days after the occurrence of such Event of Loss, inform Lessor in regard thereto and pay to Lessor on the Rent Payment Date next following the date of such Event of Loss (i) the greater of (a)

Casualty Loss Value for such Item (computed as of such Rent Payment Date) or (b) the sum of (I) Casualty Loss Value for such Item (computed as of such Rent Payment Date) plus (II) 50% of the excess of (A) the settlement amount for such Item determined in accordance with Rule 107 of the Field Manual of the Interchange Rules of the AAR (or any successor procedure for the settlement for cars destroyed in interchange service) over (B) Casualty Loss Value for such Item, plus (ii) the Basic Rent and any Supplemental Payments due for such Item or Items of Equipment on such Rent Payment Date, plus (iii) all accrued and unpaid Basic Rent and any Supplemental Payments owing for such Item or Items of Equipment through any prior Rent Payment Date. Any payments received at any time by Lessor or by Lessee from any insurer or other party (except Lessee) as a result of the occurrence of such Event of Loss will be applied in reduction of Lessee's obligation to pay the foregoing amounts, if not already paid by Lessee, or, if already paid by Lessee, will be applied to reimburse Lessee for its payment of such amount. Upon payment in full of the amounts described in the first sentence of this Section 16(b), (A) the obligation of Lessee to pay Basic Rent hereunder with respect to such Item or Items of Equipment for all Rental Periods commencing after the date of such Event of Loss shall terminate and the Term of such Item or Items shall thereupon terminate, and (B) Lessee shall, as agent for Lessor, as soon as practicable, dispose of such Item or Items of Equipment in a manner reasonably acceptable to Lessor. As used in this Lease, the term "Casualty Loss Value" of any Item of Equipment as of any Rent Payment Date means during

the Basic Term and any Renewal Term thereof, an amount determined by multiplying the Acquisition Cost of such Item of Equipment by the percentage set forth opposite such Rent Payment Date on the schedule of Casualty Loss Values applicable to the type of Equipment to which such Item relates, attached hereto as Exhibit C and made a part hereof.

(c) Application of Payments Not Relating to an Event of Loss. Any payments (including, without limitation, insurance proceeds) received at any time by Lessor or Lessee from any governmental authority or other party with respect to any loss or damage to any Item or Items of Equipment not constituting an Event of Loss, will be applied directly in payment of repairs or for replacement of property in accordance with the provisions of Section 11 and 12 hereof, if not already paid by Lessee, or if already paid by Lessee, shall be applied to reimburse Lessee for such payment, and any balance remaining after compliance with said Sections with respect to such loss or damage shall be retained by Lessor.

17. Insurance. Lessee will cause to be carried and maintained, at its sole expense, with respect to the Equipment, (a) physical damage insurance insuring against physical loss or damage to the Equipment, in an amount not less than the Casualty Loss Value of the Equipment, and (b) insurance against liability for bodily injury, death and property damage resulting from the use, operation, ownership and possession of the Equipment in an

amount not less than \$10,000,000.00 per occurrence. Such insurance policy or policies will name Lessor as loss payee on all policies referred to in clause (a) of the preceding sentence, and will name Lessor as additional insured on all policies referred to in clause (b) of the preceding sentence. The policies of insurance required under this Section shall be valid and enforceable policies issued by reputable insurers.

The proceeds of said physical damage insurance shall be payable to Lessor, but Lessor shall remit all such insurance proceeds to Lessee at such time as Lessee either (i) provides Lessor evidence that the damage has been repaired and the Equipment has been restored to good working order and condition or (ii) has paid to Lessor the amounts otherwise due to Lessor on loss of such Equipment pursuant to Section 16(b) hereof. Lessee's obligation to maintain insurance with respect to any Item of Equipment shall commence on the Acceptance Date of such Item of Equipment and shall run until the earlier to occur of (x) the date on which such Item of Equipment is sold, (y) early termination hereunder, or (z) the expiration of the Term of the lease of such Item of Equipment. Upon the execution and delivery of this Lease, certificates of the insurance coverage required by this Section 17 shall be delivered by Lessee to Lessor. Lessee covenants that it will not use or operate or permit the use or operation of any Item of Equipment at any time when the insurance required by this Section 17 is not in force with respect to such Item of Equipment. If Lessee shall fail to cause the insurance

required under this Section 17 to be carried and maintained, Lessor may provide such insurance and Lessee shall reimburse Lessor upon demand for the cost thereof as a Supplemental Payment hereunder. So long as no Event of Default has occurred and is continuing, Lessee may self-insure for the first \$2,500,000 of the coverages specified in clauses (a) and (b) of the first sentence of this Section 17.

18. General Tax Indemnity. Lessee agrees to pay, indemnify and hold Lessor harmless from any and all Federal, state, local and foreign taxes, fees, withholdings, levies, imposts, duties, assessments and charges of any kind and nature whatsoever, including, without limitation, license, qualification, franchise, sales, use, gross receipts, ad valorem, business property (real or personal), excise and occupation fees and taxes, together with any penalties, fines or interest thereon (herein called "taxes or other impositions") howsoever imposed, whether levied or imposed upon or asserted against Lessor, the Equipment, any Item of Equipment, or any part thereof, by any Federal, state or local government or taxing authority in the United States, or by any taxing authority or governmental subdivision of a foreign country, upon or with respect to (a) the Equipment, or any Item of Equipment or any part thereof, (b) the manufacture, construction, ordering, purchase, ownership, delivery, leasing, possession, use, maintenance, registration, titling, licensing, documentation or return, of the Equipment, or any Item of Equipment or any part thereof, (c) the rentals, receipts or earnings arising from the Equipment

or any Item of Equipment or any part thereof, or (d) this Lease, each Lease Supplement, the Rent and/or Supplemental Payments payable by Lessee hereunder; provided, however, that the foregoing indemnity shall not apply to any taxes or other impositions based upon or measured by the net income of the Lessor, determined substantially in the same manner as net income is presently determined under the Code.

Lessee may, at its sole cost and expense, either in its own name or in the name of the Lessor, contest the validity, applicability or amount of tax or other imposition with respect to which Lessee is required to indemnify hereunder by (i) resisting payment thereof if practicable, (ii) not paying the same except under protest, if protest is necessary or advisable and proper, or (iii) if the payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, provided that Lessee shall have first given notice of such contest to Lessor, and provided further that in Lessor's sole opinion such contest is not futile and will not materially adversely affect any Item of the Equipment or Lessor's title thereto.

Lessee will notify Lessor of all reports or returns required to be made with respect to any tax or other imposition with respect to which Lessee is required to indemnify hereunder. Lessee will prepare and file the same if permitted by applicable law to do so, and if not so permitted, Lessee shall prepare such

reports or returns for signature by Lessor, and shall forward the same to Lessor, together with immediately available funds for payment of any tax or other imposition due. Lessee shall furnish Lessor with copies of all paid receipts or other appropriate evidence of payment for all taxes or other impositions paid by Lessee pursuant to this Section 18.

19. Special Tax Indemnity.

(a) Tax Assumptions. The Lessor has entered into this Lease on the assumption that the Lessor shall be entitled to and shall realize the following tax benefits available to an owner of property under Federal tax laws ("Assumed Tax Benefits"):

(i) With respect to Asset Group B, depreciation deductions under Section 167 of the Code, commencing in the year in which the Acceptance Date occurs and computed using (x) the 150 percent declining balance method, switching to the straight line method in the first year such method will yield a larger allowance, (y) the ADR Lower Limit of 12 years, and (z) the half-year convention, all as set forth in Section 167(m) of the Code and the Regulations thereunder (the "Depreciation Deduction");

(ii) The Lease constitutes a true lease under which the Lessor will be considered owner and lessor of the Equipment

subject thereto and the Lessee will be considered as the lessee of such Equipment;

(iii) The Lessor will have a basis in each Item of Equipment in Asset Group B under Section 1012 of the Code and related sections equal to the Acquisition Cost of such Item;

(iv) The Lessor will be entitled to deduct in full the interest expense on any indebtedness incurred by it to finance the Equipment;

(v) The Lessor will not be required to include in its gross income for Federal income tax purposes any amount paid or payable by the Lessee other than Basic Rent, in the amounts and at the times contemplated herein;

(vi) All items of income, deduction and credit associated with any Item of Equipment shall be treated as derived from or allocable to sources within the United States; and

(vii) No portion of the Depreciation Deduction for an Item of Equipment in Asset Group B shall be recaptured prior to the expiration of the Basic Term for such Item.

(b) Lessee's Tax Representations and Warranties. Lessee hereby represents, warrants and covenants to the Lessor with respect to tax matters in connection herewith as follows (it

being understood that the representations and warranties contained in clause (iii) below shall not constitute a guarantee as to the residual value or useful life of any Item of Equipment at the expiration of the Term of of such Item):

(i) That each Item of Equipment is described in Asset Guideline Class 00.25;

(ii) That the Lessee will not, by its acts or failure to act, cause any of the Assumed Tax Benefits to fail;

(iii) That the remaining useful life of each Item of Equipment at the end of the Basic Term plus first Renewal Term for such Item will be at least 20% of its useful life on the Acceptance Date therefor and that each Item will reasonably have a fair market value of at least 20% of its Acquisition Cost, exclusive of the effects of inflation or deflation, at the end of such Basic Term plus first Renewal Term;

(iv) On the Acceptance Date for each Item of Equipment the Lessee will not have made, or have any obligation to make, any investment in such Item;

(v) That the Lessee will do nothing to cause any items of income, deduction or credit associated with any Item of Equipment to be treated as derived from or allocable to sources from without the United States;

(vi) On the Acceptance Date for each Item of Equipment, such Item will require no improvements, modifications or additions (other than ancillary items of equipment of a kind that are customarily furnished by purchasers or lessees of property identical to such Item) in order for such Item to be rendered complete for its intended use by the Lessee;

(vii) The use of each Item of Equipment by a person other than the Lessee, at the end of the Term for such Item will be commercially feasible;

(viii) The Acquisition Cost of each Item of Equipment is equal to the fair market value of such Item as of the Acceptance Date of such Item; and

(ix) No addition or improvement made by Lessee to any Item of Equipment will result in any income being reportable by the Lessor.

(c) Indemnity.

(A) If the Lessor shall not be entitled to claim, shall lose the benefits of, or shall have disallowed or diminished any of the Assumed Tax Benefits by reason of:

(i) Any material inaccuracy of the representations, warranties or covenants of Lessee as set forth in

Section 19(b) hereof or in any documents or certificate furnished to Lessor by Lessee in connection herewith.

(ii) Any act or failure to act by Lessee or any other person authorized by Lessee to use or maintain any Item of Equipment other than the act of entering into this Lease;

(iii) Any change in the tax status of the Lessee as a taxpaying corporation under Section 11 of the Code; or

(iv) a Change in Tax Law;

then Lessee shall make payment to Lessor either in a discounted lump sum or as an adjustment to Basic Rent as provided in (b) below, of an amount which, after reduction for all taxes required to be paid by Lessor in respect of the receipt of such amount under any Federal, state and local law (assuming for purposes of this calculation that Lessor pays income taxes on the receipt of such amounts at the maximum statutory rate applicable to corporations) ("After-Tax Basis"), shall be sufficient to maintain Lessor's Net Economic Return based upon the full utilization by Lessor of the Assumed Tax Benefits, plus on an After-Tax Basis an amount equal to any interest, additions to tax or penalties imposed as a consequence of the loss of the Assumed Tax Benefits

which gave rise to indemnification hereunder; provided, however, that the foregoing loss of Assumed Tax Benefits shall not include the loss, loss of the right to claim, disallowance or limitation of any Assumed Tax Benefits directly caused solely by one or more of the following events:

(1) the sale of an Item of Equipment by Lessor prior to any default by Lessee (other than sales pursuant to Section 32 hereof);

(2) a failure of the Lessor to claim or report timely or properly the Assumed Tax Benefits for the Item of Equipment in the Federal income tax return of the Lessor;

(3) a disqualifying change in the nature of Lessor's business or liquidation thereof;

(4) a foreclosure by any person holding through Lessor of any lien, security interest or other encumbrance in or on an Item of Equipment, which foreclosure results solely from an act of Lessor unrelated to this transaction;

(5) any event which constitutes loss, theft, destruction or irreparable damage to a Item of Equipment under Section 16 hereof if all amounts payable under Section 16 with respect thereto are actually paid to Lessor by the Lessee;

(6) the failure of Lessor to have sufficient taxable income or tax liability to utilize such Assumed Tax Benefits; or

(7) any Federal tax legislation which is not a "Change in Tax Law" as defined herein.

(B) Payment.

(1) If the Lessor claims entitlement to payment under this Section 19, the Lessor shall provide Lessee with a written notice of such (a "Claim") which notice shall (A) state the amount of the Claim payable (i) in a lump sum and (ii) as an adjustment to basic Rent, (B) describe the basis for the Claim and confirm in writing to the Lessee that the assumptions, reasonableness and accuracy of computations employed in the applicable initial calculations of Basic Rent and Casualty Loss Value were used in calculating such discounted lump sum and adjustment and that such calculations were made in compliance with this Section 19 and (C) provide either sufficient evidence reasonably satisfactory to the Lessee of the accuracy and consistency of such calculations or, at the Lessee's request and expense, confirmation to such effect from Arthur Andersen & Company or such other nationally recognized independent accounting firm (other than such accounting firms then employed by Lessor and Lessee with respect to their respective annual audits) as Lessor and Lessee shall select, provided that if the amount of the

Claim, as calculated by such accounting firm is less than 90% of the Claim as calculated by Lessor, the cost of such confirmation shall be paid by Lessor. The lump sum amount shall be payable within 45 days of the date of the notice of Claim and the adjustment to rent shall commence on the first Rent Payment Date on or following the date which is 45 days after the date of the notice of Claim; provided, however, that no adjustment to Basic Rent shall take effect should Lessee pay the lump sum amount within 45 days of the notice of Claim. The Lessor shall also provide a substitute Exhibit A and Casualty Loss Value Table to be attached to the Lease reflecting the change in Basic Rent.

(C) Basic Rent under this Lease may be reduced if an event described in (A)(iv) above occurs, provided that the Lessor's Net Economic Return is maintained. If the Lessee claims entitlement to a reduction in rent under this paragraph, it shall promptly notify the Lessor in writing. The Lessor shall provide Lessee within 45 days thereafter with a written notice setting forth the information required by (B)(1)(B) and (C) above and a substitute Exhibit A and Casualty Loss Value Table to be attached to the Lease reflecting the decrease in Basic Rent. The decrease in Basic Rent shall commence with the first Rent Payment Date on or following the date which is 45 days after the date of the Lessee's notice.

(D) If for any reason Lessor is required to include in its gross income for Federal, state or local income tax purposes at any time with respect to any Item of Equipment (unless entitled to an equal deduction in the same taxable year) any part or all of the cost of (i) any repairs or maintenance of any Item of Equipment, (ii) any alterations, improvements or additions to any Item of Equipment, or (iii) any other expenditure by Lessee with respect to any Item of Equipment, then Lessee shall promptly pay to Lessor, upon demand, on an After-Tax Basis the sum of (x) the amount of any increase in Lessor's Federal, state and local income taxes resulting from the inclusion of such costs in the gross income of Lessor, (provided that such amounts shall be decreased by any savings realized by Lessor in connection with such taxes as a result of such costs), plus (y) the amount of any interest or penalties, including, without limitation, any additional tax due to the underpayment of estimated taxes assessed against Lessor in connection therewith.

(E) For purposes of this Section 19, the term "Lessor" shall include the common parent and all other corporations included in the same affiliated group within the meaning of Section 1504 of the Code, of which Lessor is or may become a member. The foregoing indemnity shall not be affected by any termination of this Lease as a whole or in respect of any Item of Equipment leased hereunder.

(F) If the Internal Revenue Service makes a claim against Lessor which, if successful, may require the Lessee to pay a tax indemnity payment under this Lease, Lessor agrees as follows:

(1) Lessor agrees to notify Lessee within 15 days of the date of receipt any written notice to Lessor regarding such claim. The Lessee agrees that, in the event it desires the claim to be contested, it will, within 45 days after receipt of the notice (or such shorter period in which such contest must be initiated by Lessor), request Lessor to contest the claim. Failure by Lessor to give such notice to Lessee shall not preclude Lessor's right to indemnity hereunder, unless such failure precludes Lessee's ability to require contest of the claim indemnified against pursuant to the provisions of this Section.

(2) Lessor may, at its option, contest the claim by either paying the tax claimed and suing for a refund in the appropriate court or contesting the claim in the U.S. Tax Court. Lessor agrees to cooperate in good faith with the Lessee in contesting the claim and to consider in good faith requests from the Lessee concerning the contest of the claim, including the advisability of pursuing administrative remedies, the appropriate forum for any judicial proceeding, and the legal basis for contesting the claim. In the event that, at any time, Lessor elects to pay the tax claimed, Lessee shall

make a non-interest bearing advance or advances to Lessor in the amount of such tax subject to indemnification under this Section 19, plus interest, additions to tax and penalties thereon, if any. If Lessee fails to make such non-interest bearing advance or advances within 30 days after request by Lessor, then Lessor shall have the right to settle any related claim with the Internal Revenue Service and seek indemnification from Lessee under this Section 19. Upon a Final Determination (as defined below) of the liabilities of Lessor, Lessor shall offset such non-interest bearing advances previously made against the full amount due to Lessor pursuant to the provisions of this Section 19, and either (x) Lessee shall pay to lessor, within 30 days thereafter, any excess of such full amount due over such non-interest bearing advances or (y) Lessor shall repay to the Lessee any excess of such non-interest bearing advances over such full amount due, within 30 days after receipt by Lessor of a refund resulting in such excess or the crediting of such excess against the liabilities of Lessor, together with any interest received in connection with such refund which is allocable to the indemnified taxes refunded. In the event that Lessor does not elect to pay the tax claimed, Lessee shall not be obligated to make payment under this Section 19 until 30 days after a settlement of such claim or a decision of a court of competent jurisdiction with respect to such claim which has become final after either (i) exhaustion of allowable appeals required herein or (ii)

expiration of time to take any such appeal with respect to the claim (any such settlement or decision being herein referred to as a "Final Determination"). Notwithstanding the foregoing provisions of this Section 19, Lessor in its sole discretion (by written notice to the Lessee) may unconditionally waive its rights to the indemnities set forth in this Lease with respect to any loss of Assumed Tax Benefits and refrain from contesting such loss of Assumed Tax Benefits, it being understood that any such waiver shall be without prejudice to the rights of the Lessor with respect to any other loss of Assumed tax Benefits.

(3) Lessor will not be obligated to contest a claim under this Section 19 unless and until: (i) Lessor's tax counsel has determined that a meritorious basis exists for contesting such claim or Lessee has provided to Lessor at Lessee's expense, an opinion of counsel mutually acceptable to Lessor and Lessee to the effect that Lessor is more likely than not to succeed on the claim; and (ii) Lessee has agreed to pay, or reimburse Lessor for, all fees and expenses which Lessor may incur in contesting the claim as and when such fees and expenses are incurred and invoiced. These fees and expenses shall include, without limitation, reasonable attorneys' and accountants' fees and disbursements. If requested by the Lessee, Lessor shall appeal any adverse decision of the United States Tax Court, a United States District Court, or United States Claims Court, provided that Lessor shall have

first received, at Lessee's expense, an opinion of counsel mutually acceptable to Lessor and Lessee to the effect that, taking into account all of the relevant facts and law (including the holding of the court below), Lessor is more likely than not to prevail in such appeal and Lessee shall have complied with clause (ii) above. Lessor shall not be required to appeal any decision of any Circuit Court of Appeals. Lessor will not be required to contest a claim under this Section 19 if an Event of Default as set forth in Section 23 has occurred and is continuing.

(4) All of Lessor's rights and privileges arising from the agreements contained herein shall survive the expiration or other termination of this Lease or any Item of Equipment leased under this Lease, and are expressly for the benefit of Lessor, its successors and assigns.

20. Indemnification. Lessee hereby assumes liability for, and does hereby agree to indemnify, protect, save, defend, and hold harmless Lessor, and its directors, officers, employees, successors and assigns (an "Indemnatee"), from and against any and all obligations, fees, liabilities, losses, damages, penalties, claims, demands, actions, suits, judgments, costs and expenses, including legal expenses, of every kind and nature whatsoever, imposed on, incurred by, or asserted against the Lessor, relating to or arising out of (a) the manufacture, construction, ordering, purchase, acceptance or rejection, ownership, titling or retitling,

registration or reregistration, delivery, leasing, possession, use, operation, sale or other disposition of the Equipment or any Item of Equipment, or any part thereof, including, without limitation, any of such as may arise from (i) loss or damage to any property or death or injury to any persons, unless such is caused by the gross negligence or intentional misconduct of such Indemnatee, (ii) patent or latent defects in the Equipment (whether or not discoverable by Lessee or Lessor), (iii) any claims based on strict liability in tort, and (iv) any claims based on patent, trademark, tradename or copyright infringement, (b) any material failure on the part of Lessee to perform or comply with any of the terms of this Lease, (c) any violation, or alleged violation, of any laws, rules, regulations, orders, writs, injunctions, decrees, consents, approvals, exemptions, authorizations, licenses and withholdings of objection, of any governmental or public body or authority, and all other requirements having the force of law applicable at any time to Equipment or any action or transaction by Lessee with respect thereto or pursuant to this Lease, or (d) any liability of Lessor arising from the ICC or AAR filings contemplated by the second sentence of the second paragraph of Section 10 hereof, including any such filings made at or about the end of the Term for any Item of Equipment. Lessee shall give the Lessor notice of any occurrence, event or condition known to Lessee as a consequence of which an Indemnatee may be entitled to indemnification under this Section 20. Lessee shall forthwith upon demand of an Indemnatee reimburse such Indemnatee for amounts expended by it in connection with any

of the foregoing or pay such amounts directly. Lessee shall be subrogated to such Indemnatee's rights in any matter with respect to which Lessee has actually reimbursed such Indemnatee for amounts expended by it or has actually paid such amounts directly pursuant to this Section 20.

In case any action, suit or proceeding is brought against an Indemnatee in connection with any claim indemnified against hereunder, the Lessor will, promptly after receipt of notice of the commencement of such action, suit or proceeding, notify Lessee thereof, enclosing a copy of all papers served upon the Lessor. Lessee may, at Lessee's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by Lessee and in the event of any failure by Lessee to do so, Lessee shall pay all costs and expenses (including reasonable attorney's fees and expenses) incurred by such Indemnatee in connection with such action, suit or proceeding. The provisions of this Section 20, and the obligations of Lessee under this Section 20, shall apply from the date of the execution of this Lease notwithstanding that the Term may not have commenced with respect to any Item of Equipment, and shall survive and continue in full force and effect notwithstanding the expiration or earlier termination of this Lease in whole or in part, including the expiration or termination of the Term with respect to any Item (or all) of the Equipment, and are expressly made for the benefit of, and shall be enforceable by, the Indemnatees.

21. NO WARRANTIES. LESSOR, NOT BEING THE MANUFACTURER OR VENDOR OF THE EQUIPMENT, MAKES NO REPRESENTATION OR WARRANTY, EITHER EXPRESSED OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE DESIGN OR CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, DURABILITY, SUITABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE EQUIPMENT, OR THE CONFORMITY OF THE EQUIPMENT TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER OR ORDERS RELATING THERETO, AND LESSOR HEREBY DISCLAIMS ANY SUCH REPRESENTATION OR WARRANTY (WHICH DISCLAIMER LESSEE HEREBY ACKNOWLEDGES). WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, LESSOR SHALL NOT BE LIABLE OR RESPONSIBLE FOR ANY DEFECTS, EITHER PATENT OR LATENT (WHETHER OR NOT DISCOVERABLE BY LESSEE), IN THE EQUIPMENT, OR FOR ANY DIRECT OR INDIRECT DAMAGE TO PERSONS OR PROPERTY RESULTING THEREFROM, OR FOR LESSEE'S LOSS OF USE OF THE EQUIPMENT OR FOR ANY INTERRUPTION IN LESSEE'S BUSINESS CAUSED BY LESSEE'S INABILITY TO USE THE EQUIPMENT FOR ANY REASON WHATSOEVER.

So long as an Event of Default shall not have occurred and be continuing, and so long as the Equipment shall be subject to this Lease and Lessee shall be entitled to possession of the Equipment hereunder, Lessor authorizes Lessee, at Lessee's expense, to assert for Lessor's account, all rights and powers of Lessor under any manufacturer's, vendor's or dealer's warranty on the Equipment or any part thereof; provided, however, that Lessee shall indemnify, protect, save, defend and hold harmless Lessor from and against any and all claims, and all costs, expenses,

damages, losses and liabilities incurred or suffered by Lessor in connection therewith, as a result of, or incident to, any action by Lessee pursuant to the foregoing authorization, and that Lessee shall provide Lessor with prior written notice of any action Lessee proposes to take on Lessor's behalf pursuant to the foregoing authorization.

22. Lessee's Representations and Warranties. Lessee hereby represents and warrants that (a) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the State of Indiana, and is qualified to do business in each state or other jurisdiction in which the nature of its business makes such qualification necessary; (b) Lessee has the corporate power and authority to execute and perform this Lease and to lease the Equipment hereunder; (c) the leasing of the Equipment from Lessor by Lessee, the execution and delivery of this Lease, each Lease Supplement, and other related instruments, documents and agreements, and the compliance by the Lessee with the terms hereof and thereof, and the payments and performance by Lessee of all of its obligations hereunder and thereunder (i) have been duly and legally authorized by appropriate corporate action taken by Lessee, (ii) are not in contravention of, and will not result in a violation or breach of, any of the terms of Lessee's Amended Articles of Acceptance (or equivalent document), its By-laws, or of any provisions relating to shares of the capital stock of Lessee, and (iii) will not violate or constitute a breach of any provision of law, any order of any court or any order, rule or

regulation of any other agency of government, or any indenture, agreement or other instrument to which Lessee is a party, or by or under which Lessee or any of Lessee's property is bound, or be in conflict with, result in a breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or instrument, or result in the creation or imposition of any Lien upon any of Lessee's property or assets, other than excepted Liens under Section 15 hereof; (d) this Lease has been executed by the duly authorized officer of Lessee, and this Lease constitutes, and each Lease Supplement and related instruments, documents and agreements with respect to each Item of Equipment, when executed by the duly authorized officer of Lessee and delivered to Lessor, will constitute the legal, valid and binding obligations of Lessee, enforceable in accordance with their terms; (e) neither the execution and delivery of this Lease or any Lease Supplement by Lessee, nor the payment and performance by Lessee of all of its obligations hereunder and thereunder, requires the consent or approval of, the giving of notice to, or the registration, filing or recording with, or the taking of any other action in respect of, any Federal, state, local or foreign government or governmental authority or agency or any other Person; (f) except as disclosed in Lessee's annual report or, if applicable, Lessee's Form 10-K, for the period ended December 31, 1988, there is no litigation or other proceeding now pending or, to the best of Lessee's knowledge threatened, against or affecting the Lessee, before any court, arbitrator or administrative or governmental agency which would adversely affect or impair the

title of Lessor to the Equipment, or which, if decided adversely to Lessee, would materially adversely affect the business operations or financial condition of Lessee; (g) all balance sheets, statements of profit and loss and other financial data that have been delivered to Lessor with respect to Lessee (1) are complete and correct in all material respects, (2) accurately present the financial condition of Lessee on the dates for which, and the results of its operations for the periods for which, the same have been furnished, and (3) have been prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered thereby; and there has been no material change in the condition of Lessee, financial or otherwise, since December 31, 1988, the date thereof; and (h) the Equipment is free and clear of any Lien in favor of any person claiming by, through or under the Lessee or any affiliate thereof, other than Liens permitted by Section 15 hereof.

23. Events of Default. Any of the following events shall constitute an Event of Default:

(a) Lessee shall fail to make any payment of Rent within five (5) business days or any Supplemental Payment within fifteen (15) days after the same is due and payable; or

(b) Lessee shall fail to observe or perform any of the covenants or agreements of Lessee set forth in Section 17 hereof; or

(c) any representation or warranty made by Lessee herein shall have been untrue or misleading in any material respect as of the date made; or

(d) Lessee shall materially fail to perform or observe any other covenant, condition, or agreement to be performed or observed by it under this Lease, or in any agreement or certificate furnished to Lessor in connection herewith, and such failure shall continue unremedied for thirty (30) days after receipt of written notice by Lessee specifying such failure and demanding the same to be remedied; or

(e) Lessee becomes insolvent (however such insolvency may be evidenced) or admits insolvency or bankruptcy or its inability to pay its debts as they mature, makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for Lessee, or for the major part of its property or commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or

(f) a proceeding shall have been instituted in a court having jurisdiction in the premises, seeking a decree or order (i) for relief in respect of Lessee in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) for the appointment of a receiver, trustee or similar official of the Lessee or of its property, or

(iii) for the winding up or liquidation of the affairs of the Lessee, and either (I) any such proceeding shall remain undismissed or unstayed and in effect for a period of 60 consecutive days or (II) such court shall enter a decree or order granting the relief sought in such proceeding or Lessee shall consent to such entry.

24. Remedies Upon Default. Upon the occurrence of any Event of Default, Lessor may exercise one or more of the following remedies as Lessor in its sole discretion shall elect:

(a) Lessor may terminate this Lease, without prejudice to any other remedies of Lessor hereunder, with respect to all or any Item of Equipment, and may enter the premises of Lessee to take immediate possession of the Equipment and remove all or any Item of Equipment by summary proceedings or otherwise, or may cause Lessee, at Lessee's expense, to surrender and deliver possession of the Equipment or such Item in the same manner as provided in Section 6 hereof;

(b) Lessor may hold, keep idle or lease to others the Equipment or any Item of Equipment, as Lessor in its sole discretion may determine, free and clear of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto, except that Lessee's obligation to pay Basic Rent for any Rental Periods commencing after Lessee shall have been deprived of possession pursuant to this Section 24 shall be reduced by the net proceeds,

if any, received by Lessor from leasing the Equipment or such Item to any Person other than Lessee for the same Rental Periods or any portion thereof;

(c) Lessor may sell the Equipment or any Item of Equipment at public or private sale as Lessor may determine, free and clear of any rights of Lessee, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for the Equipment or Item(s) so sold for any Rental Period commencing after the date on which such sale occurs), all unpaid Basic Rent payable for all Rental Periods up to and including the Rental Period in which such sale occurs, plus an amount equal to the excess, if any, of (i) the Casualty Loss Value of the Equipment or Item(s) so sold, computed as of the Rent Payment Date coincident with or next following the date of such sale, over (ii) the net proceeds of such sale.

(d) Lessor, by written notice to Lessee, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent due for any Item(s) of Equipment for any Rental Period commencing after the Event of Default and in lieu of the exercise by Lessor of its rights under such subsection (c) above with respect to the same Item(s) of Equipment), all unpaid Basic Rent payable therefor for all Rental Periods up to and including the Rental Period in which the Event of Default occurs, plus whichever of the following amounts Lessor, in its sole discretion,

shall specify in such notice: (i) an amount, with respect to each Item of Equipment, equal to the excess, if any, of the Basic Rent payable for such Item of Equipment for the remainder of the then current Term, over the fair market rental value of such Item of Equipment for the remainder of the then current Term, after discounting such excess to present worth as of the payment date specified in such notice at 6% per annum; or (ii) an amount, with respect to each Item of Equipment, equal to the excess, if any, of the Casualty Loss Value of such Item of Equipment computed as of the Rent Payment Date coincident with or next following the Event of Default, over the fair market sales value of the Equipment as of the said date; and

(e) Lessor may exercise any other right or remedy which may be available to it under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Lease.

For the purpose of subsection (d) above, the "fair market rental value" or the "fair market sales value" of the Equipment shall mean such value as has been determined by an independent qualified appraiser, selected by Lessor.

No remedy referred to in this Section 24 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity, and the exercise in whole or in part by

Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all such other remedies. No waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default.

25. Lessor's Right to Perform for Lessee. If Lessee fails to make any Supplemental Payment required to be made by it hereunder or materially fails to perform or comply with any of its agreements contained herein, Lessor may itself, after notice to Lessee, make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, shall, if not paid by Lessee to Lessor on demand, be deemed a Supplemental Payment hereunder.

26. Late Charges. Lessee shall pay to Lessor, to the extent permitted by applicable law, interest on any amount of Rent and on any Supplemental Payment which is not paid when due, for any period for which the same is overdue (without regard to any grace period) at a rate equal to the Prime Rate (as hereinafter defined). As used herein, "Prime Rate" means the interest rate per annum announced and made effective from time to time by Mellon Bank, N.A., at its principal office in Pittsburgh, Pennsylvania as the prime rate or, as the case may be, the base, reference or other similar rate then designated by it for general commercial

lending reference purposes, it being understood that such rate is a reference rate, not necessarily the lowest, which serves as the basis upon which effective rates of interest are calculated for obligations making reference thereto.

27. Covenant of Quiet Enjoyment. During the Term of the lease of any Item of Equipment hereunder and so long as no Event of Default has occurred and is continuing, Lessor covenants and agrees that Lessee shall have the right to uninterrupted use and enjoyment of such Item on the terms and conditions provided herein without any interference from Lessor or those claiming through or against Lessor, including, but not limited to, any assignee or lender or mortgagee of Lessor.

28. Other Documents. Except as otherwise provided herein, Lessee will execute and deliver to Lessor such other documents, including, without limitation, such amendments to this Lease as may be reasonably required by Lessor, and Uniform Commercial Code financing statements and continuation statements and any filings required by the ICC or the AAR, and will take such further action as Lessor may from time to time reasonably request in order to carry out more effectively the intent and purposes of this Lease.

29. Notices and Requests. Any notice or request which by any provision of this Lease is required or permitted to be given by either party to the other shall be deemed to have been given when deposited in the mail, postage prepaid, by first class mail

or air mail, if appropriate (unless certified or registered mail is otherwise specified for such notice under this Lease), and addressed as follows (or to such other address as either party may specify by prior written notice to the other party):

If to Lessor -

Mellon Financial Services Corporation #3  
One Mellon Bank Center, Suite 1111  
Pittsburgh, Pennsylvania 15258  
Attention: President

If to Lessee -

Indiana Michigan Power Company  
c/o American Electric Power Service Corporation  
1 Riverside Plaza  
Columbus, Ohio 43215  
Attention: G. P. Maloney, Senior Vice President

30. Lessee's Renewal and Purchase Options.

(a) Lessee's Renewal Option. If (i) no Event of Default shall have occurred and be continuing and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option upon written notice to Lessor, as hereinafter provided, to renew this Lease with respect to any Item(s) of Equipment then subject to this Lease for two Renewal Terms. The first Renewal Term shall be for a period of five years. The second Renewal Term shall be for a period between one and five years, as selected by Lessee. All of the provisions of this Lease shall be applicable during each Renewal Term for each such Item of Equipment, except that, during each Renewal Term, Basic Rent shall be the fair market rental value thereof determined in accordance with Section

30(c) hereof, and said Basic Rent shall be payable quarterly in arrears during each Renewal Term, on the last day of each calendar quarter thereof; provided, however, that the Basic Rent payable during such first Renewal Term for an Item shall not exceed 60% of the mean average amount of each installment of Basic Rent payable in respect of such Item during the Basic Term. If Lessee intends to exercise said renewal option with respect to any of said Renewal Terms, Lessee shall give written notice to Lessor to such effect at least one hundred twenty (120) days prior to the expiration of the Basic Term or Renewal Term of such Item(s) of Equipment. If Lessee fails to give such written notice to Lessor with respect to any of said Renewal Terms, it shall be presumed that Lessee has elected not to exercise said renewal option with respect to said Renewal Term of such Item(s), in which case (unless Lessee has exercised its purchase option under Section 30(b) hereof) such Item of Equipment shall be returned to Lessor in accordance with the provisions of Section 6 hereof.

(b) Lessee's Purchase Option. If (i) no Event of Default shall have occurred and be continuing, and (ii) this Lease shall not have been earlier terminated, Lessee shall be entitled, at its option, upon written notice to Lessor as hereinafter provided, to purchase any Item(s) of Equipment then subject to this Lease on the date immediately following the date of the expiration of the Basic Term of each such Item of Equipment or, as the case may be, the expiration of the then Renewal Term of each such Item of Equipment, for an amount, with respect to each such Item of

Equipment, payable in immediately available funds, equal to the fair market sales value thereof determined in accordance with Section 30(c) hereof, plus any applicable sales, excise or other taxes imposed as a result of such sale (other than gross or net income taxes attributable to such sale). If Lessee intends to exercise said purchase option, Lessee shall give written notice to Lessor to such effect at least one hundred twenty (120) days prior to the expiration of the Basic Term of such Item(s) of Equipment. If Lessee fails to give such written notice to Lessor as aforesaid, Lessor shall be entitled to presume that Lessee has elected not to exercise said purchase option with respect to such Item, in which case, unless Lessor otherwise agrees, such Item of Equipment shall be returned to Lessor in accordance with the provisions of Section 6 hereof. In the event that Lessee exercise its purchase option under this Section 30(b), the Lessor shall execute and deliver to Lessee a bill of sale, in which Lessor transfers the Item to Lessee "as is" and represents only that it is transferring whatever title was transferred to it, free and clear of all liens in favor of any person claiming by, through or under the Lessor, in a form acceptable to Lessee, upon payment of the sale price by Lessee.

(c) Determination of Fair Market Sales Value and Fair Market Rental Value; Appraisal Procedure. If Lessee has elected to exercise its renewal option, as provided in Section 30(a) hereof, or has elected to exercise its purchase option, as provided in Section 30(b) hereof, then as soon as practicable following

Lessor's receipt of the written notice from Lessee of Lessee's intent to exercise such option with respect to any Item(s) of Equipment (to the extent permitted by Section 30(a) and (b) hereof), Lessor and Lessee shall consult for the purpose of determining the fair market rental value or fair market sales value, as the case may be, of each such Item of Equipment as of the end of the Basic Term thereof, or, if this Lease has been renewed pursuant to Section 30(a) hereof, then as of the end of the then current Renewal Term thereof, and any values agreed upon in writing shall constitute such fair market rental value or fair market sales value of each such Item of Equipment for the purposes of this Section 30. If Lessor and Lessee fail to agree upon such values ninety (90) days prior to the expiration of the Basic Term, or, if this Lease has been so renewed, the then current Renewal Term, of such Item(s) of Equipment, either party may request, by written notice to the other, that such values be determined by the appraisal procedure hereinafter specified.

For all purposes of this Section 30, fair market sales value and fair market rental value shall be determined on the basis of, and shall equal in value, the amount which would obtain in an arm's length transaction between an informed and willing buyer-user or lessee (other than a lessee currently in possession and a used equipment or scrap dealer) and an informed and willing seller or lessor under no compulsion to sell or lease, and in such determination, costs of removal from the location of current use shall not be a deduction from such value, provided that the amount of

each installment of Basic Rent payable on any Rent Payment Date in the first Renewal Term for an Item shall not exceed 60% of the mean average amount of each installments of basic Rent payable in respect of such Item during the Basic Term.

In the event Lessor and Lessee fail to agree upon such fair market sales value or fair market rental value, as the case may be, of any Item(s) of Equipment, and either Lessor or Lessee shall have requested a determination of such values, Lessor and Lessee shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 5 Business Days after such notice is given, each party shall appoint an independent appraiser within 15 Business Days after such notice is given, and the two appraisers so appointed shall within 5 Business Days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 5 Business Days after such notice is given, either party may request the American Arbitration Association to make such appointment, and both parties shall be bound by any such appointment.

Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair market sales value and/or the fair market rental value, as the case may be, of such Item(s) of Equipment within 60 days after the appointment of such appraiser(s). If the parties shall have appointed a single appraiser, his or her determination of value

shall be final. If three appraisers shall be appointed, the values determined by the three appraisers shall be averaged, and, unless such average shall equal the value determined by the middle appraisal (in which event such average shall be final), the determination which differs most from such average shall be excluded, the remaining two determinations shall be averaged and such average shall be final. The fees and expenses of any appraiser appointed under this Section 30(c) shall be shared equally by Lessor and Lessee.

(d) Notice from Lessor. Approximately 180 days prior to the end of the Basic Term and any Renewal Term for any Item, Lessor shall use its best efforts to provide Lessee with written notice of the options available to Lessee under this Section 30, including the obligation to provide Lessor written notice of Lessee's intention to exercise any such option not less than 120 days prior to the end of such Term.

31. Financial Information.

(a) Lessee agrees to furnish Lessor (1) within 120 days after the close of its fiscal year, an annual report of Lessee, consisting of its audited financial statements including a balance sheet as of the end of such fiscal year, and statements of income for the year then ended with all notes thereto in each case certified as true and correct by the auditor thereof; (2) within 90 days after the close of each of the first three quarterly

periods of Lessee's fiscal year, a balance sheet of Lessee as of the end of such quarter, and a comparative earnings statement for such quarter; and (3) promptly upon Lessee obtaining knowledge that there has occurred and is continuing any condition, event, act or omission which constitutes, or with notice or lapse of time or both would constitute, an Event of Default, notice of such condition, event, act or omission and the steps which Lessee has taken or is taking to remedy the same; and (4) such additional information concerning the location, condition, use and operation of the Equipment and financial condition and operations of Lessee as Lessor may from time to time reasonably request.

(b) Lessee shall permit any person designated by Lessor to visit and inspect the Equipment and the records maintained in connection therewith and to discuss the affairs, finances and accounts of Lessee with the principal officers of Lessee, all at such reasonable times and as often as Lessor may reasonably request.

32. Voluntary Termination for Obsolescence. So long as no Event of Default shall have occurred and be continuing hereunder, Lessee shall have the right at its option on any Rent Payment Date occurring after the twenty-eighth (28th) Rent Payment Date during the Basic Term of any Item(s) of Equipment leased hereunder, on at least ninety (90) days' prior written notice to Lessor, to terminate this Lease with respect to any such Item(s) of Equipment then leased hereunder if, in Lessee's good faith opinion, such

Item(s) shall have become no longer useful, or surplus, to Lessee in its business, such termination to be effective on the Rent Payment Date specified in such notice (for purposes of this Section 32, called the "termination date"). During the period from the giving of such notice until the termination date, Lessee, as agent for Lessor, shall use its reasonable efforts (but no less effort than used to sell equipment it owns itself) to secure the highest obtainable bids for the purchase of such Item(s) and in the event it receives any bid during such period, Lessee shall promptly certify to Lessor in writing the amount and terms of such bid and the name and address of the party submitting such bid. On the termination date, Lessee shall deliver possession of such Item(s) to the bidder, if any, which shall have submitted the highest bid during such period, and Lessor shall, without recourse or warranty, simultaneously therewith sell such Item(s) on an "as-is", "where-is" basis for cash to such bidder. The total selling price realized at such sale shall be paid to and retained by Lessor and, in addition, on the termination date Lessee shall pay to Lessor (i) the aggregate Basic Rent due for such Item(s) on the termination date, plus (ii) all accrued and unpaid Basic Rent owing for each such Item(s) of Equipment for all Rental Periods prior to the Rental Period for which the Basic Rent payment specified in the preceding clause (i) was payable, plus (iii) the excess, if any, of the aggregate Termination Value of all such Item(s) of Equipment as of the Rent Payment Date coincident with the termination date, over the aggregate proceeds of sale of all such Item(s) of Equipment, after deducting from

such proceeds of sale the expenses incurred by Lessor in connection with such sale, plus (iv) all accrued and unpaid Supplemental Payments owing by Lessee.

Neither Lessee nor any person, firm or corporation, affiliated with Lessee, may purchase any such Item(s) of Equipment. If no sale shall have occurred on or as of the termination date with respect to any such Item(s) of Equipment, this Lease (including the provisions of this Section 32) shall continue in full force and effect with respect to such Item(s). In the event of any such sale and the receipt by Lessor of the amounts described above, and upon compliance by Lessee with the provisions of this Section 32, the obligations of Lessee to pay Basic Rent hereunder with respect to each Item(s) of Equipment so sold shall cease for any Rental Period commencing on or after the termination date, and the Term with respect to each such Item(s) of Equipment shall end effective as of the termination date. Lessor may, but shall be under no duty to, solicit bids, inquire into the efforts of Lessee to obtain bids or otherwise take any action in connection with any such sale. Anything herein to the contrary notwithstanding, if Lessee shall exercise its said right to termination as provided in this Section 32 with respect to any Item(s) of Equipment, Lessor may, in its sole discretion, elect to retain any such Item(s) by giving Lessee written notice to such effect within thirty (30) days following Lessor's receipt of the written notice from Lessee hereinabove provided, in which event (a) no sale shall occur pursuant to this Section 32 with respect to such

Item(s), and (b) Lessee shall deliver such Item(s) to Lessor in accordance with the provisions of Section 6 hereof and shall continue to pay Basic Rent for such Item(s) on each Rent Payment Date to and inclusive of (and the Term of such Item(s) of Equipment shall terminate on) the Rent Payment Date next following the date on which such delivery occurs.

33. Miscellaneous. The parties hereto agree that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder unless such waiver is given in writing. A waiver on one occasion shall not be construed to be a waiver on any other occasion. The captions in this Lease are for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating or diminishing Lessor's or Lessee's rights under the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. No term or provision of this Lease may be amended, altered, waived, discharged or terminated orally, but may be amended, altered, waived, discharged or terminated only by an instrument in writing signed by a duly authorized officer of the party against which the enforcement of the amendment, alteration,

waiver, discharge or termination is sought. All of the covenants, conditions and obligations contained in this Lease shall be binding upon and shall inure to the benefit of the respective successors and assigns of Lessor and (subject to the restrictions of Section 14(a) hereof) Lessee. This Lease, each Lease Supplement and each related instrument, document, agreement and certificate, collectively constitute the entire agreement of Lessor and Lessee with respect to the acquisition and leasing of the Equipment, and cancel and supersede any and all prior oral or written understandings with respect thereto. This Lease shall in all respects be governed by, and construed in accordance with, the laws of the Commonwealth of Pennsylvania, including all matters of construction, validity and performance.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed and delivered by their duly authorized officers as of the day and year first written above.

MELLON FINANCIAL SERVICES CORPORATION #3  
**LESSOR**

By Christine R Cook  
Its: Vice President

INDIANA MICHIGAN POWER COMPANY  
**LESSEE**

By Guy  
Its: Vice President

STATE OF OHIO            )  
                              :    SS.:  
COUNTY OF FRANKLIN )

On this, the 29th day of December, 1989, before me, a Notary Public in and for said County and State, personally appeared G. P. Maloney, the Vice President of INDIANA MICHIGAN POWER COMPANY, who acknowledged himself to be a duly authorized officer of INDIANA MICHIGAN POWER COMPANY, and that, as such officer, being authorized to do so, he executed the foregoing instrument for the purposes therein contained.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal on the date above mentioned.



Mary M. Soltesz

Name: Mary M. Soltesz  
Notary Public

My Commission Expires: 7-13-94  
Residing in Franklin County, Ohio

## ACKNOWLEDGMENT

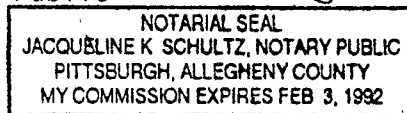
COMMONWEALTH OF PENNSYLVANIA) )  
 ) SS  
COUNTY OF ALLEGHENY )

On this the 28<sup>th</sup> day of December, 1989 before me a Notary Public, the undersigned officer, personally appeared Christine R. Cook, who acknowledged herself to be Vice President of Mellon Financial Services Corporation #3, and that she as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by herself as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Jacqueline K Schultz  
Notary Public

My Commission Expires February 3, 1992



Member, Pennsylvania Association of Notaries

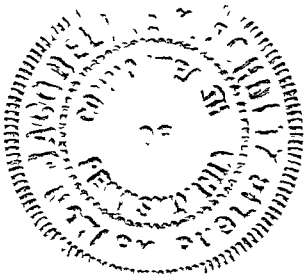


EXHIBIT A  
to  
LEASE OF RAILROAD EQUIPMENT DATED  
AS OF DECEMBER 29, 1989 BY AND  
BETWEEN MESLON FINANCIAL SERVICES CORPORATION #3 AND  
INDIANA MICHIGAN POWER COMPANY

Equipment Description: two hundred ninety-six (296) Bethlehem Steel Corporation 100-ton, three pocket open hopper cars bearing the following road numbers:

Group A: one hundred sixty-five (165) cars

<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>
752	797	1024	1071	1119
753	799	1025	1072	1120
754	800	1026	1073	1121
755	801	1027	1074	1122
756	802	1028	1076	1123
757	803	1030	1077	
758	805	1032	1078	
759	806	1033	1080	
760	807	1034	1082	
761	808	1035	1083	
763	809	1036	1084	
764	810	1037	1085	
765	811	1038	1087	
766	813	1039	1088	
767	814	1040	1089	
768	815	1041	1090	
769	816	1042	1091	
770	817	1043	1092	
771	819	1044	1093	
772	820	1045	1094	
774	823	1046	1095	
776	824	1047	1096	
777	825	1048	1097	
778	827	1049	1098	
779	828	1050	1099	
780	830	1051	1100	
781	833	1052	1101	
782	834	1053	1102	
783	838	1054	1103	
785	839	1055	1104	
786	844	1056	1105	
787	845	1057	1106	
788	848	1059	1108	
789	849	1061	1109	
790	1014	1063	1111	
792	1016	1064	1113	
793	1019	1065	1114	
794	1021	1066	1115	
795	1022	1068	1116	

EXHIBIT A  
to  
LEASE OF RAILROAD EQUIPMENT DATED  
AS OF DECEMBER 29, 1989 BY AND  
BETWEEN MELLON FINANCIAL SERVICES CORPORATION #3 AND  
INDIANA MICHIGAN POWER COMPANY

Group B: one hundred thirty-one (131) cars

<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>	<u>AEPX Car Number</u>
851	917	959	982
852	918	960	983
854	919	961	984
857	920	962	985
858	921	963	986
863	922	964	987
865	923	965	989
867	924	966	990
868	925	967	991
869	926	968	992
870	927	969	993
871	928	970	994
873	929	971	995
875	930	972	996
876	931	973	997
878	932	974	998
880	933	975	999
881	934	976	1000
882	935	977	1001
883	936	979	1002
884	937	980	1005
887	938	981	1006
888	939		1008
889	940		1009
896	941		1010
897	942		
898	943		
899	944		
900	945		
902	946		
903	947		
904	948		
907	949		
908	950		
909	951		
910	952		
911	953		
912	954		
913	955		
914	956		
915	957		
916	958		

EXHIBIT A  
to  
LEASE OF RAILROAD EQUIPMENT DATED  
AS OF DECEMBER 29, 1989 BY AND  
BETWEEN MELLON FINANCIAL SERVICES CORPORATION #3 AND  
INDIANA MICHIGAN POWER COMPANY

Basic Rent:

Group A: Payments 1-30: 2.663005%  
Payments 31-60: 3.254784%

Group B: Payments 1-30: 2.701918%  
Payments 31-60: 3.302344%

Acquisition Cost:

Group A: 165 cars @ \$19,000 per car  
\$3,135,000.00

Group B: 131 cars @ \$20,500 per car  
\$2,685,500.00

EXHIBIT B TO LEASE OF RAILROAD EQUIPMENT

LEASE SUPPLEMENT NO. 1

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions of, the Lease of Railroad Equipment dated as of \_\_\_\_\_ by and between the undersigned Lessor and Lessee (herein, as amended and supplemented from time to time, called the "Lease"). Lessee hereby (a) acknowledges and certifies that each Railcar described below or on any Schedule attached hereto has been selected by, delivered to, and inspected by, Lessee, is located at the location set forth below, and that as between Lessor and Lessee, each such Railcar is of a size, design, capacity and manufacture acceptable to and suitable for Lessee's purposes, has been installed to Lessee's satisfaction, and is in good working order, repair and condition; and (b) unconditionally accepts each such Railcar for lease under the Lease on the date hereof. Lessor and Lessee hereby agree that each Railcar described below or on any Schedule attached hereto is hereby leased from Lessor to Lessee under and subject to all of the terms, conditions and provisions of the Lease; that the Term of each such Railcar commences on the date hereof and that such date is the Acceptance Date thereof; that the amount of the Acquisition Cost and Basic Rent for all Railcars covered by this Lease Supplement and Basic Term thereof, is as set forth below, and the amount of the Acquisition Cost of any Railcar listed on any Schedule attached hereto is as set forth therein. Lessee certifies that its representations and warranties set forth in Section 22 of the Lease are true and correct on the date hereof. All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description of Railroad Equipment: See attachment
2. Location: See attachment
3. Acquisition Cost: per railcar
4. Basic Term Commencement Date:

5. Basic Term: 180 months, commencing on Basic Term Commencement Date and ending on \_\_\_\_\_
6. Basic Rent payable during Basic Term: \$ \_\_\_\_\_ (plus applicable sales/use tax) payable on each Rent Payment Date in arrears during Basic Term, commencing on \_\_\_\_\_

Dated: \_\_\_\_\_

COUNTERPART NO. \_\_\_\_\_ OF \_\_\_\_\_  
SERIALLY NUMBERED MANUALLY EXECUTED  
COUNTERPARTS. TO THE EXTENT IF  
ANY THAT THIS DOCUMENT CONSTITUTES  
CHattel PAPER UNDER THE UNIFORM  
COMMERCIAL CODE, NO SECURITY  
INTEREST IN THIS DOCUMENT MAY BE  
CREATED THROUGH THE TRANSFER AND  
POSSESSION OF ANY COUNTERPART  
OTHER THAN COUNTERPART NO. 1.

(Lessor)

By MELLON FINANCIAL SERVICES  
CORPORATION #3

By \_\_\_\_\_

Title \_\_\_\_\_

INDIANA MICHIGAN POWER COMPANY  
(Lessee)

By \_\_\_\_\_

Title \_\_\_\_\_ Vice President

\_\_\_\_\_  
Lessee's Initials

\_\_\_\_\_  
Lessor's Initials

EXHIBIT C  
to  
LEASE OF RAILROAD EQUIPMENT DATED  
AS OF DECEMBER 29, 1989 BY AND  
BETWEEN MELLON FINANCIAL SERVICES CORPORATION #3 AND  
INDIANA MICHIGAN POWER COMPANY

Stipulated Loss Value and/or Termination Value for an Item of Equipment is determined by multiplying the applicable percentage by the Acquisition Cost of an Item of Equipment.

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GROUP B EQUIPMENT

period ending	----- termination value ----- % of cost	----- stipulated loss value ----- % of cost
Jan 15, 1990	100.00000000	100.00000000
Apr 15, 1990	99.97011926	99.97011926
Jul 15, 1990	99.91516484	99.91516484
Oct 15, 1990	99.83469455	99.83469455
Jan 15, 1991	99.72825839	99.72825839
Apr 15, 1991	99.59539847	99.59539847
Jul 15, 1991	99.47116723	99.47116723
Oct 15, 1991	99.31812913	99.31812913
Jan 15, 1992	99.13577614	99.13577614
Apr 15, 1992	98.92359128	98.92359128
Jul 15, 1992	98.68437544	98.68437544
Oct 15, 1992	98.41765193	98.41765193
Jan 15, 1993	98.12293563	98.12293563
Apr 15, 1993	97.79973289	97.79973289
Jul 15, 1993	97.45045244	97.45045244
Oct 15, 1993	97.07463441	97.07463441
Jan 15, 1994	96.67181079	96.67181079
Apr 15, 1994	96.24150532	96.24150532
Jul 15, 1994	95.78578059	95.78578059
Oct 15, 1994	95.30418831	95.30418831

period ending	% of cost	% of cost
Jan 15, 1995	94.79627229	94.79627229
Apr 15, 1995	94.26156831	94.26156831
Jul 15, 1995	93.70079266	93.70079266
Oct 15, 1995	93.11348556	93.11348556
Jan 15, 1996	92.49917910	92.49917910
Apr 15, 1996	91.85739714	91.85739714
Jul 15, 1996	91.18765515	91.18765515
Oct 15, 1996	90.48946002	90.48946002
Jan 15, 1997	89.76230999	89.76230999
Apr 15, 1997	89.00569441	89.00569441
Jul 15, 1997	88.21909365	88.21909365
Oct 15, 1997	86.80155290	86.80155290
Jan 15, 1998	85.34152274	85.34152274
Apr 15, 1998	83.83910236	83.83910236
Jul 15, 1998	82.29354420	82.29354420
Oct 15, 1998	80.70408750	80.70408750
Jan 15, 1999	79.06995810	79.06995810
Apr 15, 1999	77.39036817	77.39036817
Jul 15, 1999	75.66451599	75.66451599
Oct 15, 1999	73.89158571	73.89158571
Jan 15, 2000	72.07074708	72.07074708
Apr 15, 2000	70.20115523	70.20115523
Jul 15, 2000	68.28195036	68.28195036
Oct 15, 2000	66.31225753	66.31225753
Jan 15, 2001	64.29118635	64.29118635
Apr 15, 2001	62.21783076	62.21783076
Jul 15, 2001	60.09126869	60.09126869
Oct 15, 2001	57.91056182	57.91056182
Jan 15, 2002	55.67475528	55.67475528
Apr 15, 2002	53.38287736	53.38287736
Jul 15, 2002	51.04226020	51.04226020
Oct 15, 2002	48.65204424	48.65204424
Jan 15, 2003	46.21135479	46.21135479
Apr 15, 2003	43.71930173	43.71930173
Jul 15, 2003	41.18330020	41.18330020
Oct 15, 2003	38.60257516	38.60257516
Jan 15, 2004	35.97633788	35.97633788
Apr 15, 2004	33.30378573	33.30378573
Jul 15, 2004	30.58410194	30.58410194
Oct 15, 2004	27.81645531	27.81645531
Jan 15, 2005	25.00000000	25.00000000

GROUP A EQUIPMENT

period ending	termination value	stipulated loss value
	% of cost	% of cost
Dec 29, 1989	100.00000000	100.00000000
Mar 29, 1990	99.98221311	99.98221311
Jun 29, 1990	99.93255889	99.93255889
Sep 29, 1990	99.85467014	99.85467014
Dec 29, 1990	99.74878215	99.74878215
Mar 29, 1991	99.61439666	99.61439666
Jun 29, 1991	99.45277478	99.45277478
Sep 29, 1991	99.26496040	99.26496040
Dec 29, 1991	99.05021209	99.05021209
Mar 29, 1992	98.80805053	98.80805053
Jun 29, 1992	98.53983486	98.53983486
Sep 29, 1992	98.24706006	98.24706006
Dec 29, 1992	97.92812729	97.92812729
Mar 29, 1993	97.58257106	97.58257106
Jun 29, 1993	97.21183346	97.21183346
Sep 29, 1993	96.81780125	96.81780125
Dec 29, 1993	96.39812247	96.39812247
Mar 29, 1994	95.95234071	95.95234071
Jun 29, 1994	95.48133975	95.48133975
Sep 29, 1994	94.98670146	94.98670146
Dec 29, 1994	94.46570580	94.46570580
Mar 29, 1995	93.91788373	93.91788373
Jun 29, 1995	93.34350639	93.34350639
Sep 29, 1995	92.74365208	92.74365208
Dec 29, 1995	92.11556803	92.11556803
Mar 29, 1996	91.45875187	91.45875187
Jun 29, 1996	90.77344082	90.77344082
Sep 29, 1996	90.06067868	90.06067868
Dec 29, 1996	89.31767754	89.31767754
Mar 29, 1997	88.54389927	88.54389927
Jun 29, 1997	87.74118548	87.74118548
Sep 29, 1997	86.32044849	86.32044849
Dec 29, 1997	84.85391701	84.85391701
Mar 29, 1998	83.34077611	83.34077611
Jun 29, 1998	81.78281902	81.78281902
Sep 29, 1998	80.18297621	80.18297621
Dec 29, 1998	78.53656579	78.53656579
Mar 29, 1999	76.84275906	76.84275906
Jun 29, 1999	75.10199405	75.10199405
Sep 29, 1999	73.31609015	73.31609015

period ending	---- termination value ---- % of cost	---- stipulated loss value ---- % of cost
Dec 29, 1999	71.48030758	71.48030758
Mar 29, 2000	69.59375873	69.59375873
Jun 29, 2000	67.65682163	67.65682163
Sep 29, 2000	65.67125466	65.67125466
Dec 29, 2000	63.63225590	63.63225590
Mar 29, 2001	61.53887451	61.53887451
Jun 29, 2001	59.39644726	59.39644726
Sep 29, 2001	57.21182395	57.21182395
Dec 29, 2001	54.97778341	54.97778341
Mar 29, 2002	52.69344621	52.69344621
Jun 29, 2002	50.36504667	50.36504667
Sep 29, 2002	48.00123223	48.00123223
Dec 29, 2002	45.59236861	45.59236861
Mar 29, 2003	43.13765412	43.13765412
Jun 29, 2003	40.63920393	40.63920393
Sep 29, 2003	38.10231270	38.10231270
Dec 29, 2003	35.51729228	35.51729228
Mar 29, 2004	32.88328619	32.88328619
Jun 29, 2004	30.23653126	30.23653126
Sep 29, 2004	27.61735364	27.61735364
Dec 29, 2004	25.00000000	25.00000000

LEASE SUPPLEMENT NO. 1

This Lease Supplement is executed pursuant to, and incorporates by reference all of the terms, conditions and provisions of, the Lease of Railroad Equipment dated as of December 29, 1989 by and between the undersigned Lessor and Lessee (herein, as amended and supplemented from time to time, called the "Lease"). Lessee hereby (a) acknowledges and certifies that each Railcar described below or on any Schedule attached hereto has been selected by, delivered to, and inspected by, Lessee, is located at the location set forth below, and that as between Lessor and Lessee, each such Railcar is of a size, design, capacity and manufacture acceptable to and suitable for Lessee's purposes, has been installed to Lessee's satisfaction, and is in good working order, repair and condition; and (b) unconditionally accepts each such Railcar for lease under the Lease on the date hereof. Lessor and Lessee hereby agree that each Railcar described below or on any Schedule attached hereto is hereby leased from Lessor to Lessee under and subject to all of the terms, conditions and provisions of the Lease; that the Term of each such Railcar commences on the date hereof and that such date is the Acceptance Date thereof; that the amount of the Acquisition Cost and Basic Rent for all Railcars covered by this Lease Supplement and Basic Term thereof, is as set forth below, and the amount of the Acquisition Cost of any Railcar listed on any Schedule attached hereto is as set forth therein. Lessee certifies that its representations and warranties set forth in Section 22 of the Lease are true and correct on the date hereof. All capitalized terms used herein which are not defined herein shall have the meaning given to such terms in the Lease.

1. Description of Railroad Equipment: See attachment
2. Location: See attachment
3. Acquisition Cost: \$19,000 per railcar
4. Basic Term Commencement Date: January 1, 1990.

5. Basic Term: 180 months, commencing on Basic Term  
Commencement Date and ending on December 31, 2004

6. Basic Rent payable during Basic Term: \$83,485.21 (plus  
applicable sales/use tax) payable on each Rent Payment Date  
in arrears during Basic Term, commencing on March 31,  
1990, and on each March 31, June 30, September 30 and  
December 31 through June 30, 1997 and \$102,037.48 commencing  
on September 30, 1997 through December 31, 2004.  
Dated: December 29, 1989.

COUNTERPART NO. 4 OF 5  
SERIALLY NUMBERED MANUALLY EXECUTED  
COUNTERPARTS. TO THE EXTENT IF  
ANY THAT THIS DOCUMENT CONSTITUTES  
CHattel PAPER UNDER THE UNIFORM  
COMMERCIAL CODE, NO SECURITY  
INTEREST IN THIS DOCUMENT MAY BE  
CREATED THROUGH THE TRANSFER AND  
POSSESSION OF ANY COUNTERPART  
OTHER THAN COUNTERPART NO. 1.

(Lessor)

By MELLON FINANCIAL SERVICES  
CORPORATION #3

By Christine R Cook  
Title Vice President

INDIANA MICHIGAN POWER COMPANY  
(Lessee)

By [Signature]  
Title Vice President

\_\_\_\_\_  
Lessee's Initials

\_\_\_\_\_  
Lessor's Initials

MELLON FINANCIAL SERVICES CORPORATION #3  
LEASE OF RAILROAD EQUIPMENT

The option to purchase of the following 165 rail cars originally leased by Ohio Power Company under the Lease of Railroad Equipment dated as of December 3, 1974, between Mellon National Leasing Corporation (Lessor) and Ohio Power Company (Lessee) has been assigned to Indiana Michigan Power Company and are to be funded by Mellon Financial Services Corporation #3 on December 29, 1989:

<u>AEPX Car Number</u>	<u>Present Location</u>	<u>AEPX Car Number</u>	<u>Present Location</u>
752	A	797	E
753	E	799	A
754	E	800	E
755	E	801	E
756	E	802	E
757	E	803	E
758	A	805	E
759	E	806	E
760	A	807	E
761	E	808	M
763	E	809	E
764	E	810	E
765	E	811	E
766	E	813	E
767	E	814	B
768	A	815	M
769	E	816	A
770	E	817	E
771	E	819	E
772	E	820	E
774	E	823	A
776	A	824	A
777	E	825	E
778	E	827	A
779	E	828	E
780	E	830	M
781	B	833	E
782	A	834	A
783	E	838	E
785	A	839	E
786	A	844	E
787	E	845	A
788	E	848	E
789	E	849	E
790	E	1014	E
792	E	1016	E
793	E	1019	E
794	A	1021	E
795	E	1022	E
796	E	1023	M

MELLON FINANCIAL SERVICES CORPORATION #3  
LEASE OF RAILROAD EQUIPMENT

The option to purchase of the following 165 rail cars originally leased by Ohio Power Company under the Lease of Railroad Equipment dated as of December 3, 1974, between Mellon National Leasing Corporation (Lessor) and Ohio Power Company (Lessee) has been assigned to Indiana Michigan Power Company and are to be funded by Mellon Financial Services Corporation #3 on December 29, 1989:

<u>AEPX Car Number</u>	<u>Present Location</u>	<u>AEPX Car Number</u>	<u>Present Location</u>
1024	E	1071	A
1025	E	1072	E
1026	E	1073	E
1027	M	1074	E
1028	E	1076	E
1030	E	1077	M
1032	E	1078	A
1033	E	1080	M
1034	E	1082	E
1035	E	1083	E
1036	E	1084	E
1037	E	1085	E
1038	E	1087	E
1039	B	1088	M
1040	M	1089	E
1041	E	1090	E
1042	E	1091	A
1043	E	1092	E
1044	E	1093	E
1045	E	1094	A
1046	E	1095	E
1047	E	1096	E
1048	E	1097	A
1049	A	1098	E
1050	E	1099	E
1051	M	1100	E
1052	E	1101	E
1053	M	1102	E
1054	E	1103	E
1055	E	1104	E
1056	E	1105	A
1057	E	1106	A
1059	E	1108	E
1061	E	1109	E
1063	E	1111	A
1064	E	1113	E
1065	A	1114	E
1066	A	1115	E
1068	E	1116	E
1070	A	1118	E

MELLON FINANCIAL SERVICES CORPORATION #3  
LEASE OF RAILROAD EQUIPMENT

The option to purchase of the following 165 rail cars originally leased by Ohio Power Company under the Lease of Railroad Equipment dated as of December 3, 1974, between Mellon National Leasing Corporation (Lessor) and Ohio Power Company (Lessee) has been assigned to Indiana Michigan Power Company and are to be funded by Mellon Financial Services Corporation #3 on December 29, 1989:

<u>AEPX Car Number</u>	<u>Present Location</u>	<u>AEPX Car Number</u>	<u>Present Location</u>
1119	M		
1120	E		
1121	E		
1122	A		
1123	E		

RAILCAR LOCATION CODES

<u>CODE</u>	<u>NAME</u>	<u>CITY/STATE</u>
A	Amos Plant	St. Albans, WV
B	Breed Plant	Terre Haute, IN
M	Mitchell Plant	Moundsville, WV
E	Cook Coal Terminal	Metropolis, IL
C	Amos Plant	St. Albans, WV